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THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

PARTICIPANTS:

Chang Wen-chin, Assistant to the PRC Foreign
MinisterTsien Ta-yung, Deputy Director, Western European
North American and Australian Affairs, PRC
Foreign MinistryChao Ch'i-hua, American Desk, PRC Foreign
MinistryYang Yu-yung, Interpreter
NotetakerAlfred LeS. Jenkins, Director, People's Republic of
China and Mongolia Affairs, Department of State
John H. Holdridge, Senior Staff Member, National
Security CouncilRichard H. Solomon, Staff Member, National
Security Council

Mary Stifflemire, Notetaker

DATE AND TIME:

Friday, February 16, 1973; 2:30 - 5:40 p.m.

PLACE:

Villa #5
Peking, People's Republic of China

SUBJECT:

Cultural and Scientific Exchanges; Trade Relations

Mr. Chang: This morning you visited the handicrafts exhibit.Mr. Jenkins: It was a very rare treat -- really beautiful.Mr. Solomon: I have one question: Do you hope to develop an export
market for these products?Mr. Chang: We plan to increase some [production] for export of this kind
of commodity. It is better to have a little more. There is some problem inTOP SECRET/SENSITIVE/EXCLUSIVELY EYES ONLY

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... trade as we have bought a lot from your side. We
... enough, because we have not got enough [available for

Mr. Jenkins: We have to work on some of the problems that stand in
the way of increased two-way flow of trade, and I think that should be
possible in the reasonably near future. We hope so.

Since this is our very agreeable temporary home here, I think it is not
inappropriate for us to welcome you.

Mr. Chang: Thank you for your kindness.

Mr. Jenkins: I see we are provided with the winter furniture again.
We have not timed our trips here too well, it seems to me, because all four
seasons are so celebrated in Chinese art that it seems a shame we have
missed one of the seasons so far.

I wonder if Mr. Chang has any preference as to how to proceed this after-
noon. As I understand it, our principals have charged us to cover at least
three main topics in these talks: One is exchanges; one is trade; and then
the items which are making our trade at the present time somewhat awkward,
that is, the outstanding matter of the mutual claims. I wonder if you have
any preference as to the order in which we proceed?

Mr. Chang: I think working in this order is fine. As you like.

Mr. Jenkins: Good. Well it seems to us that the matter of exchanges has
gone really quite well, at approximately the pace and time that we had en-
visioned for the period that we have just gone through. I think we both
have probably looked forward to this somewhat new era that we have
entered -- post-Vietnam settlement -- which might make it somewhat
easier to facilitate these and other matters of mutual interest. We believe
that the visits of the ping pong team, scientists, doctors, and certainly
the most recent tour of that remarkable acrobatic team, met with acclaim
in the United States. The first and last of these, of course, have met with
considerable public reception in the States. The two smaller groups were
not given such publicity, but we were very pleased ourselves the way
they went. Not only were we impressed by the professional qualifications
of the scientists, and doctors, but they were certainly a very agreeable
and personable group.

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It is our impression that you share our belief that the National Committee on U.S.- China Relations and the Committee on Scholarly Communication have been quite helpful in facilitating these arrangements. I believe we have agreed in the past that we would be prepared to work with any responsible U.S. organization interested in sponsoring exchanges and that these two are not necessarily exclusive.

We would hope, however, to have an opportunity to satisfy ourselves that any other organization indeed had the facilities and capability to be of appropriate help and was competent to manage the exchanges. I think our national committee came home with the impression that we might well move forward at a somewhat accelerated pace. I think the mechanism through Paris as well as in connection with these two organizations has been quite satisfactory, but it may be that the new era that we are entering upon will enable us to have somewhat fuller consultations and to promote more long-term planning for a least some of the types of exchanges that we might consider.

Some latitude in time of planning is useful in all of these, but it is perhaps most important in the performing arts, because that is where the logistical planning, movement around the country, the booking of auditoriums, the housing and transportation require experience -- long lead times -- in order to do it properly.

While I am on this general subject, we have had a little problem with respect to the timing in arranging visas on some occasions. Our visa office regularly requires three weeks to take the required steps on visas, and we would very much appreciate it if you could do everything possible to meet that general requirement. I may say parenthetically that I realize we too have upon occasion requested visas on very short notice, but we have very seldom gotten them. (Laughter) This was I believe largely in connection with individual requests.

We presented a list of proposals in Paris last November, and I wonder whether at this time you are prepared to give us any reaction to those suggestions.

Mr. Chang: I hope you will finish on the topic you were just discussing.

Mr. Jenkins: We understand you see problems with sending Chinese students to American universities under conditions which now exist, namely the problem of Taiwan students being at our universities. But we

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believe that this situation need not inhibit some possible projects of joint research on a variety of topics which can be performed outside the university context, that is, off-campus.

There is quite a range of areas which could be mutually explored through this arrangement. For example, in the area of general ecological problems, environment, medical research, or any of a number of fields in the educational line. One other topic occurs to me at the moment. I believe you have already been invited to a conference on earthquake prediction in Colorado in May. If this suggestion of trying to work together in contexts divorced from the university campus proves of interest to you, we can make some specific proposals through Paris. I know too that the Committee on Scholarly Communication has some possibilities in mind on this score. And on exchanges in general I believe the National Committee on U.S.-China Relations, who had a very nice visit with you recently, had a number of ideas. We do not coordinate in any detail such suggestions between the National Committee and us in the government. The Committee seeks to insure that their general approach is in line with, is consonant with, basic government policies. But a group of academicians from the educational field are pretty free-wheeling; they are free to come up with any ideas that occur to them. They are not as disciplined as us in Dr. Kissinger's entourage.

I might mention one other area that we would be interested in at the appropriate time. We hope that your NCNA correspondents at the United Nations have benefitted from their tours of the United States. That is a fairly unique mechanism which affords you this opportunity -- the United Nations set-up. We would of course be interested in our media services having a better opportunity for coverage in China through whatever mechanism you may find plausible; and we hope that you may give favorable consideration to something of that sort now that the general climate may make it more possible.

We appreciate the start of what has been called a gift exchange program between our Library of Congress and your library here, and we hope that that might be broadened and perhaps somewhat more formalized.

I believe we mentioned last November our interest in the possibility of an exhibition of recently excavated Chinese archeological treasures being brought to the United States. And we would be interested if you have any further thoughts on that possibility. We have both expressed

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the realization that we could profit from further language study of each other's language. We appreciate the exchange of teaching materials which we recently carried out, and we hope that this exchange can expand in time. I understand that Columbia University has suggested that it would be willing to provide special English instruction classes for Chinese students who would not necessarily need to live on the campus, but might, if you found it appropriate, perhaps even live at your U.N. Mission in New York if that would be feasible.

Mr. Chang: So what do you mean by English instruction class?

Mr. Jenkins: Instruction in the language.

Mr. Chang: It is for general students, ordinary students, or teachers?

Mr. Jenkins: It could be either, I think.

Mr. Chang: English students -- not necessarily for teachers.

Mr. Jenkins: I would like to express our hope that we would like to achieve from this point on a bit better balance in U.S.- PRC exchanges. We hope that in this new period there may be more reciprocal arrangements of the items which we have suggested. We are, of course, prepared to look into any of these you find of special interest. I think for our part we feel that two of them especially might be considered early on in our next planning, if you find them of interest. We would like at a fairly early point to have some sort of performing arts group come to China. We could furnish almost any type of musical entertainment, from soloists to ensembles, from smaller groups to a symphony orchestra. However I would appreciate your opinion as to the receptivity of Western music in China -- audience receptivity, that is. There may be some question about this. It seems to me this is one point where in the whole sweep of history our two cultures have been somewhat more divergent in interests than in others. So I wonder whether perhaps something like an ice show -- we might put on an ice extravaganza. This seems to be universally appreciated. It is sort of a universal language. I don't know whether any of you have ever seen the type ice show we put on.

Mr. Chang: I do not know what kind of show you are talking about.

Mr. Jenkins: It is done by a rather large company. And it is almost a musical ballet type of thing on ice. In addition to the full company performances, they also put on specialty acts with one or two skaters and

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usually include a comedy act on ice. In a way, in its somewhat spectacular aspect it is maybe about as close to -- a counterpart to your acrobatic team that came to us. I think it would be enjoyable and easily comprehended by any other society, and we could somewhat conform the program in consultation with you to perhaps even better fit Chinese tastes and customs.

Another fairly promising prospect, we believe, would be a basketball team perhaps including coaching demonstrations. That would be of interest mutually. I think we would have some preference however for a performing arts group coming before we next send an athletic type thing, but that is not terribly important.

Mr. Chang: What of the ice for your ice show?

Mr. Solomon: They bring it themselves.

Mr. Chang: So what kind of ice -- plastic ice?

Mr. Holdridge: You supply the water.

Mr. Chang: Performed in the open air?

Mr. Holdridge: Preferably indoors, such as the sports arena here in Peking.

Mr. Chang: This is real ice. They skate on the ice.

Mr. Holdridge: They bring the facilities to make it.

Mr. Jenkins: In any places which you might want it to visit which they might not have, I believe they bring the equipment, because in the States they go many places where they would have it.

Mr. Chang: In the summer time?

Mr. Jenkins: Yes.

Mr. Solomon: Then we return the water as it is. (Laughter)

Mr. Jenkins: I wonder if you have any comments on how this two-track way of facilitating exchanges is working out, or whether you think it would be useful to try to tighten that procedure in any way.

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Mr. Chang: What do you mean by the two-track?

Mr. Jenkins: Working through Paris and through the peoples' groups.

Mr. Holdridge: Details on matters of principle, that is, policy, through Paris, but planning details being worked out by the organizations concerned.

Mr. Chang: Have you any suggestions?

Mr. Jenkins: I think our feeling is that this arrangement was made at a time when we both agreed that a somewhat indirect means of dealing might fit the times at least temporarily and would be better than a direct government-to-government working out of these things. Whether at this juncture we find that conditions are somewhat relaxed and whether we need to look for a mechanism which would be more satisfactory is a point I raise for your consideration.

Mr. Holdridge: I think the question would be, too, whether the procedures are understood thoroughly on both sides and whether there were no misunderstandings between us.

Mr. Jenkins: I think that pretty well covers what I want to say.

Mr. Chang: Mr. Jenkins has presented us a very comprehensive introduction with regard to the question of exchanges between our two countries. I would like to say something about preliminary ideas on these items in order to permit us to continue our discussions, exchanges of views.

First of all, in the past year and more we are satisfied with the progress of exchanges between our two sides. Although the pattern still cannot fully meet the requirements in the field of exchange, comparatively the pace is still rather high the past year and more.

Appt from the official delegations from the U.S. in the last year and more, we have also received quite a different number of visitors from the United States and this has greatly promoted the understanding between our two countries and the friendship between our two peoples. On our part there have not been so many people to be sent to the United States and we could hardly -- there is far from enough for us to meet the desires of people of the U.S. and the U.S. organizations. All the Chinese groups that have visited

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the U.S. are very satisfied with arrangements provided by American friends as well as by the American government.

Of course there have been some minor incidents in the course of their visits, but these are individual incidents including some by saboteurs -- including some by the Chiang Kai-shek clique, but this also goes counter to the desire of the U.S. Government and the American people and we think this will not affect the general trend. And these groups, Chinese groups feel toward their visits that they have very much benefitted from their visits, and they consider that this kind of exchange is beneficial to both sides.

In the present situation in particular there is, after the signing of the ceasefire agreement on Vietnam, in this new situation it may provide feasible conditions for the further speeding up of this kind of exchange between our two countries. We expect and we hope that there will be more favorable circumstances in the Far East in the future for exchanges between our two countries. For this is our general approach.

So, as for the concrete items mentioned by you we can say something about our ideas in this regard. As for the managing organizations, as we agreed in the past this will be done mainly through the National Committee on U.S.-China Relations and the Scholarly Exchange Committee, and here I think we share the same understanding. That is to say, the other organizations are not at all excluded and this is what we have done in the past too, and we think that these two organizations have really made big efforts in this field.

As for the question of visas, Mr. Jenkins has drawn attention to this very well and, as you said, this is also a question on both our sides and we really thank you for the work done by the American side for their prompt and timely settlement of the question. And it is also our hope to have new procedures for the provision of visas, and we hope in the future the visas will be issued more timely, but still maybe there are still some problems and anyway it is our hope there will be gradual progressive improvement in this field.

It is a fact that in giving response to suggestions with regard to arrangements of the items, when we respond to giving a reply to some of the items it is rather slow. There are several reasons. The first one is there have not been so many cases of exchanges in the past and we have just begun in

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this field -- have restarted this exchange. It is not merely a matter of experience, it is we are also facing exchanges with some West European countries and we have just resumed this exchange with Western European countries and we have got so many countries we have many items with them too, so in this field our strength is rather scattered.

In addition, relations between China and the U.S. have not been normalized yet and in a certain period of time, in the past year, the situation, the atmosphere in the Far East was not so stable and these also were factors affecting this field.

And also there is a complicated problem, that is, the Taiwan question.

Besides, we have different systems, and when we are considering the items, when we are dealing with the question of items we have to consider our respective situations. The exchange of students, the sending of American students to China has not been done yet because for the time being our universities have not begun to accept any foreign students yet. Maybe we will accept some foreign students for languages. We are now preparing conditions. As for the American students it is another matter. We will consider, we will study this question. As for the sending of Chinese students to American universities, I have already explained to you for the time being it is difficult for us to do so as I explained to you in the past. As for the sending of students for a shorter time and the sending of study groups, we have not yet started. Maybe you have already heard something about a recent sending of Chinese students to European countries, including the United Kingdom, Canada and France.

Mr. Jenkins: Yes.

Mr. Chang: Of course, now we have greater interest in sending the students of languages. Because the language problem comes first, even in sending some students dealing with other specializations. And for the study of your language it seems to me it would be the same as students to the UK and to Canada.

Mr. Jenkins: It differs a little bit. (Laughter)

Mr. Chang: I think in the future our students will eventually go into the U.S., and it is my hope that it will not take a long time.

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Mr. Jenkins: We share that hope.

Mr. Chang: As for the matter of correspondents, we are very grateful to the American side for the arrangement and reception given our correspondents, for the New China News Agency to visit other parts of the United States. These visits provided them with more opportunities to have deeper understanding of the American people -- about America. And we are aware that some special arrangements have been made on your side. And some American newsmen also came to China last year for a visit. And we also did our best to have some special arrangements for some of these journalistic groups. Generally speaking, we extended our welcome to them and we tried to satisfy their requirements.

For some individual journalists we have also made some special arrangements -- for Mr. Alsop. We arranged for him to visit some parts of the country which are not open to others -- for instance, the city of Fukien and some others; and when he went back to the U.S. he wrote many articles about his visit.

Mr. Jenkins: It had a very good result.

Mr. Holdridge: In Mr. Alsop's case it was a matter of instant conversion.

Mr. Jenkins: I had lunch with him last week, at which time he waxed lyrical about his visit.

Mr. Solomon: Some people thought he might be a reporter for The People's Daily. (Laughter)

Mr. Chang: He is a man who respects the facts very much.

Some American correspondents have also raised the question of permanent stationing of correspondents in China. Of course this is a matter of some special character and in the past we have explained to them the reasons why we could not do that. Of course this does not exclude the possibility of us further studying this matter in the future.

And for the exhibit of the unearth historical relics, we plan to have this exhibition in West Europe some time this year. Several countries have united to make us a joint proposal. Each stop [on the European tour] cannot be too short, but that is what they suggested. And our plan is that

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after the exhibition is in West Europe it can be shown in America. This will be more practical, I think.

Mr. Jenkins: I am very happy to hear that, and I hope that we may have an opportunity to plan well ahead for that because as you know our museums get booked a long time ahead and while this will be very sought after it is sometimes very difficult to arrange. You understand sometimes you have a huge exhibit from some country already in train and it is very difficult to change plans.

Mr. Chang: We understand that the arrangements should be made earlier for the museums to arrange places and programs for the exhibits. In a few days the British and the French will send some personnel to Peking for detailed discussions on the exhibit of these unearthed historical relics and to sign the contract, in order to determine the rights of the exhibits and also the scale of the exhibition. And also to determine conditions for transportation of the exhibits. If this is settled then we may have a pattern and then other countries may follow the same pattern if it is convenient to them. So we will have some idea of the duration of the exhibition in West Europe by that time, and our preliminary thought is that the exhibition will then go to Canada and then to the United States.

Mr. Holdridge: You mean next year?

Mr. Chang: Next year. Things might be considered more concretely after some time. So of course we will see whether the arrangements will be suitable to your side and we may hear your concrete suggestions.

And for exchanging the performing arts and the musical group, in the past you have raised some concrete items and we have given some consideration to what you have proposed. Then we have preliminary thoughts in this field, not formal. We can now have an unofficial exchange of views. Some items may be fixed in our talks, and some of them might be able to be fixed by the end of our discussions. But we can continue our discussion and have it fixed through the Paris channel or any other channel convenient to you.

As for sports items, you raised the item about the amateur basketball team, and you suggested that a swimming team may be sent to China some time after.

Mr. Holdridge: According to your convenience.

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Mr. Chang: Our sports organizations have the idea that they hope your basketball team will come to China next May if the timing is convenient to your side. A preliminary suggestion is that the swimming and diving team come this summer in June or ... They will not come simultaneously. There should be some gap and one team will come earlier and then another so that will be more convenient and we will have better results.

So, last year we sent our ping pong team to the States and this year we plan to send our gymnastic team to the States. When President Nixon was here he saw a performance given by them. The timing, say this summer. So we will have two teams visiting our two countries simultaneously. This is for the sports item.

As for performing arts, Mr. Scott has raised the question of the sending of the Philadelphia Symphony Orchestra.

Mr. Solomon: Senator Scott?

Mr. Chang: When he was in China he suggested it. And on your way to Peking you also raised this question. So we consider that they may come here this fall -- say, before October if this time is convenient to your side. By the way, the London Orchestra is coming. (Laughter)

Mr. Solomon: I hope they do not have a competition here.

Mr. Tsien: Friendship first; competition second.

Mr. Solomon: Some people will say you are trying to split the British-American alliance. (Laughter)

Mr. Jenkins: That is fine if they come spring and autumn -- one after the other.

Mr. Chang: So, one in the spring and the other in the autumn. As for the performing arts, I think your ideas are in general satisfactory. In the past few years no Western musical troupes have come to China. However, we may welcome some musical troupes to come to China in the future for some performances.

Mr. Solomon: Musical?

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Mr. Chang: I am talking in the general scope of the performing arts. I think something of interest to Chinese audiences will be some Western classical music. As for the folk performing arts, national folk art has much variety, and I am not quite sure whether our audiences will be interested in every type of that art. This is not so clear as the classic music. I know that the Philadelphia Symphony Orchestra is very famous for performing music of the Western classics and we may have concrete consultations in the future with regard to the concrete programs they will present during their visit to China.

Mr. Jenkins: That will be helpful.

Mr. Chang: As for the ice show, I will be very frank. We know nothing about it -- have very little understanding about it. In China, you see, ice skating is very unpopular -- not very popular.

Mr. Solomon: Let me suggest one approach. Your people in New York, at the U.N., might be able to see such a show in our country to evaluate it.

Mr. Jenkins: They could probably find an ice show in New York at almost any season. Or if not, I am sure we have it on film and could get hold of that and show them what it is like.

Mr. Chang: This is a show that we know very little about. I think you know the general situation in this field in China, so you may find which style might be favorable to China.

So in order to enable us to have a better knowledge about the performing arts, you may send some films or some episodes from the films to us for reference. If this is convenient to you, we may have a general assessment first as to what form might be suited to China. Of course it is not absolutely necessary.

Mr. Jenkins: I wonder if anyone here knows whether our TV tapes are compatible with your TV system. My thought is that we may not have them filmed, some of those things, but may have them on tapes. Now I am not sure our two TV systems are compatible.

Mr. Solomon: I am sure these are on film -- more readily available on film than TV tapes.

Mr. Holdridge: This is our problem -- not yours. (Laughter)

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Mr. Chang: As for these technical problems, I think they can be settled.

Mr. Holdridge: And we will certainly try to do what you ask and try to find film.

Mr. Chang: If you will provide us with some films just for our reference then we will send them back to you.

And Dr. Kissinger also mentioned the point of the comedian, Mr. Bob Hope. We are not familiar with him. Of course we know his name, but we are not familiar with his characteristics, and the concrete requirements. We have have not seen any works done by him. I understand he wants to shot some TV program.

Mr. Holdridge: To make a show here in the PRC. I am not sure that will be quite in the category of cultural exchanges.

Mr. Chang: Just for exchange of views?

Mr. Holdridge: I think we can have him provide some information about what he has in mind.

Mr. Chang: Of course he has written some letters to our embassy through Ottawa, but we don't know how he would work. In the past maybe he has done a show similar to what he wants to do in China, so if it is convenient to you send us some works done by him.

Mr. Jenkins: We will look into it.

Mr. Chang: And we will send it back to you. Just for reference.

Mr. Holdridge: Frankly I don't know what he has in mind. I think you are more informed, Mr. Chang, than we are on this one.

Mr. Jenkins: But we will learn more about it.

Mr. Chang: As for the other parts of the exchange, in the field of sciences and medicine: Our scientists' delegations were accorded a good reception by the Committee of Scholarly Exchange of the U.S., and by other members of the scientific community in the U.S.; and our medical team was also afforded a good reception by American organizations concerned and also by circles of scientists in the U.S. So the Chinese Scientists Association and the

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China Medical Association are planning to invite scientists and medical teams of the U.S. to pay a return visit to China. And they hope that the U.S. medical team delegation may come very early -- say next April, and the scientists' delegation may come sometime later.

The National Committee of U.S.-China Relations has just concluded their visit to China, and our People's Institute for Foreign Affairs is considering -- of course it has not been decided yet -- considering an invitation for another delegation from the National Committee composed of the newly appointed chairman and some other leading members of the committee who did not have a chance to come to China last year -- a small group.

In the past you raised the question of sending a language teachers' delegation to China. We suggest that this summer you might send a U.S. delegation for middle or higher and primary school teachers, but not only language teachers, not necessarily just teachers of Chinese language. Part of the group of course may include language teachers. Teachers for elementary and high school. So we may have exchange of experience in education.

Mr. Jenkins: I think that is excellent.

Mr. Solomon: Your idea was not simply language teachers, but general teachers?

Mr. Chang: Yes. As to the specific requirements, we can further discuss this question.

So that is approximately all with regard to exchange contacts between our two sides in connection with the Paris channel.

As for Chinese groups visiting the U.S., apart from a journalists' delegation which I mentioned just now, I would also include the following: Our water conservancy engineers are interested in sending a delegation, a water conservancy team, to the U.S. We are also planning to send an electrical computer team to the States as well as having a U.S. team come to China, approximately around July. We are planning to send a Chinese technical delegation team to the U.S. as a return visit for the U.S. visit, and we are also planning to send two or three groups of specialists. One is in particle physics -- I am not sure whether it is particle or high energy.

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Mr. Tsien: Moleculists.

Mr. Chang: Anyway, something of which I know nothing about. (Laughter)

Mr. Holdridge: High energy nuclear physics.

Mr. Chang: We may also send a chemical engineering team to the U.S. I am giving you a rough idea. I am talking in a very general way. And we may also send a rather more specialized medical team. Last year we sent a comprehensive medical team and this year we may send a medical team with more specific interest.

I have already said something about exhibitions for unearthed historical relics. It will be there next year. And there are some items which we are still considering. You suggested that you may send some State governors. Maybe they can form a delegation. We are not quite sure because you have only talked about it in a general way and some governor has applied individually.

Mr. Jenkins: Would you like a little more detailed concept of that?

Mr. Chang: I think we may exchange some ideas. It might be too early to be too concrete.

Mr. Holdridge: Perhaps we can use the Paris channel for that, too.

Mr. Chang: You have mentioned -- suggested in the Paris channel about sending a group of State governors. Generally speaking, as for the visits paid by governors, and senators, and representatives, it would be more convenient for us to have them come to China in groups -- they should come in delegations.

Mr. Jenkins: We understand that.

Mr. Chang: Of course there might be some exceptions.

Mr. Jenkins: We can't control these individual requests, but we understand the desirability of doing it in groups.

Mr. Chang: As for the language teaching study group, we are planning to send a team to the United Kingdom this year and after gaining some experience we might consider the sending of a learning teaching team to the U.S. -- a study group.

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As for the question of channels, the Paris channel is necessary between our two governments according to the China Communiqué. Of course it will mainly be used to discuss people-to-people exchanges. But the governments will give some special assistance especially in the field of security. As we said in the past, as for the specific arrangements with the National Committee on U.S. - China Relations and the Scholarly Exchange Committee, it would be too complicated to have them communicate through the Paris channel. So whether you have any ideas to simplify the procedure I am ready to hear it if you have any. Because the purpose is all the same. Just to keep all quarters informed, so there will be no lack of coordination.

Mr. Jenkins (to Mr. Solomon): Do you have any comments?

Mr. Solomon: Yes, I would like to make two points. First we think it is important to have more early planning. Particularly where there will be many more groups. A second general procedure we think appropriate, and which is inherent in the two channel, the two-track approach, is that we should seek agreement in principle on the level of exchanges between our two governments -- of course not in every case since people-to-people exchange contacts will still be very active and then the detailed planning can be done at the people-to-people level, through the National Committee and the Committee on Scholarly Communication.

Mr. Jenkins: Well, we appreciate the obvious thought you have given to next steps in this field. I understand we both do, but these, most of them, are still tentative, but you have indicated those which are really expected if we can work them out, and those which are still under study.

My first reaction is that this is a very promising list of possibilities and a rather nicely balanced one. We will look forward to further communication on this through Paris for those items which we may not be able to reach final agreement on while we are here on this visit. I hope and expect that both sides will find an increasing degree of satisfaction in these exchanges, and we both have indicated here contentment with the way they have gone so far.

I don't think I have any particular comment item-by-item except simply to reiterate that this strikes me as a very useful list and I think the approach is very good.

Mr. Chang: I really appreciate your favorable statement. To facilitate our work, for those specific items where the timing will be very near, we may have earlier settlement of these items. And also for those items which

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may be more complicated and which also need early consideration. I hope that we can formally confirm these things before your departure from Peking. But generally speaking, the following items on our part can be fixed -- considered as fixed. Of course I will give you confirmation before your departure.

The basketball team -- I mean the U.S. basketball team to China -- both men and women.

Mr. Jenkins: And that is amateur?

Mr. Chang: You suggested amateur and we agree to the team you suggested.

And the swimming team, the diving team.

Mr. Solomon: You should know, however, that one of the members of the National Committee delegation, Mr. Oksenberg, conducted a study of your basketball team. He found that you were very good, and since you beat our ping pong teams so badly he concluded that we should send a good basketball team. (Laughter)

Mr. Chang: You should send a very good team to China, so that we can learn from your team.

Mr. Jenkins: In any event, we take comfort in what your Prime Minister promised our Secretary of State. I believe he said that you could arrange to beat us, but not by very much. (Laughter)

Mr. Chang: When your basketball team is here in China we will follow the principle, both of us should follow the principle of equality and mutual benefit.

Mr. Jenkins: I am confident of this.

Mr. Chang: And our Chinese journalist group will go to the States. And a water conservancy study group will also be sent to the States. This water conservancy study team has some special interest in the sluices on the dams. They hope that they may go to the States in March this year, or April. Of course, if it is convenient.

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As for the Philadelphia Symphony Orchestra; in principle we agree. And for the time, our suggestion is September. Of course it is not necessary. They may be coming here a bit later, but not by March. (Laughter)

Mr. Solomon: But here again, you have a technical problem just because of the schedule of their other performances.

Mr. Chang: Yes. So how many people in this?

Mr. Jenkins: 120, I think.

Mr. Chang: And we also hope that you let us know about the concrete requirements, about the stage and also the size of the audience.

Mr. Jenkins: What was that about the audience?

Mr. Chang: I mean concert hall, the requirements, so we have some rough idea. Seating.

In the past you have suggested the U.S. send a 4-H team to China. We continue to consider this and if you have made any further deliberations in this regard. Of course you have provided some material for us on this.

Mr. Jenkins: Yes.

Mr. Chang: That is all for the moment.

Mr. Jenkins: I think all those items thus far on your side are satisfactory. I do not foresee any real problem on our side. We will have to be in touch with the Philadelphia Orchestra to see their schedule and arrangements for that. I don't think we can consider that entirely firm, although in principle I think we won't have any problem with it.

Mr. Chang: So, I think if there are no other remarks we will stop here for this morning on the exchanges.

Mr. Jenkins: Thank you. I wonder what your thought is as to how long we want to continue this afternoon. If we want to take up any other subject perhaps we could have a short break; or if you think we would not get into any other subjects sufficiently... What is your idea?

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Mr. Chang: For your next two questions, they combine with each other. We hope that you may give us some rough idea so that we can consider these two questions.

Mr. Jenkins: I will be glad to.

Mr. Chang: So, I don't know whether Dr. Kissinger will have something to do with you after he finishes his talk there. Maybe as soon as he stops talking we will also. Will that be all right?

Mr. Jenkins: What is that?

Mr. Solomon: He is concerned that Dr. Kissinger may come back and want to talk to us.

Mr. Jenkins: Fine.

[There was a ten minute break in the conversation at 4:45 p.m. The discussion resumed at 4:55 p.m.]

Mr. Jenkins: I hope that we can get to the point where we have our trade arrangements on as satisfactory a track as apparently our exchanges are now launching. There are a couple of issues which doubtless will have to be overcome before we will have clearer sailing with respect to trade matters -- a smoother road. We have spoken on both of them briefly in the past, and I would like to just briefly characterize our thinking on them today.

The first of these is the issue of U.S. private claims against the PRC and the People's Republic's assets which were frozen in the United States. We sent to you last week I believe through Paris a very large and weighty package. (Laughter) I was dismayed when I saw the size of it. I called in the best expert on these matters in my office and asked him if I had to go through that. He assured me that I did not and I exhaled. (Laughter) I have two members of my staff who claim to understand this whole business. My problem is that I can't understand them. (Laughter) Whenever I asked them a question about it in the past I got a 20 minute lecture -- Anglo-American jurisprudence. And I have to struggle to stay awake. (Laughter) After several experiences of that sort they assured me that I might as well sleep through it.

Now, of course, I am more than half joking about this. I think we do understand the general problem. The point is that I am trying to make through

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this light treatment, joking, is that this is a complex business if we should go into it case-by-case. It seems to us that this impediment to progress in this field is such that we would both loose if we bog down in a lot of detail because it could go on for a very long time. If we can find a means of more rapidly solving this problem by a little more simple approach to it I think that it would bring more than compensating benefit in opening up the whole area. We have spoken in the past about the danger of attachment of Chinese goods and vessels by private claimants so long as this issue is outstanding. Furthermore, as long as this issue is unresolved it would be very difficult for us to seek Most Favored Nation status for the People's Republic from our Congress. The MFN issue is not one totally controlled by the President. He must seek the agreement of Congress. But we are introducing legislation which if passed would give the President discretionary powers in this general field of Most Favored Nation treatment. If this legislation passes it will give the President discretionary power for him to decide on this issue of Most Favored Nation.

So, of these two questions of the outstanding claims and Most Favored Nation treatment, they need to be addressed or approached in that sequence. If we are to reach a ready settlement on this it seems to us that the matter of U.S. claims against the People's Republic and the People's Republic's claims against the U.S. should be solved simultaneously in the context of a bilateral claims settlement. Doubtlessly our specialists on both sides will want to get together and discuss this, but I hope that they will not get too involved in endless intricacies, the details of this, because on the basis of our past experience with other similar situations, frankly it seems very likely that we may be able to find an equitable and relatively simple resolution. This may well prove to be one in which American claimants would simply be compensated from the assets of the People's Republic which are now blocked in the United States. This would mean that American claimants would receive substantially less than full compensation, while the People's Republic would not have to supply funds beyond those at present under U.S. government control. As I understand it, purely from the material value involved, this arrangement would actually work out somewhat to the advantage of the People's Republic. However, the importance of getting this block out of the way, it seems to us, is that a relatively simple solution would benefit both of us.

In July we proposed in Paris that there might be an early meeting in either Paris or Peking, or some mutually agreeable point, for a general discussion of the claims problem and the principles which might govern its resolution.

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For our part we stand ready at any time to arrange such a get together and we would welcome your reaction to this as soon as it is convenient.

I think that outlines the problem about as well as we can in this forum, unless you have some questions or some observation.

Mr. Chang: This is about the private assets and any idea on the trade?

Mr. Jenkins: As for trade itself, it seems to be that we have exchanged views on future possibilities so far as specific commodities are concerned in our exchanges in Paris about to the extent that they had been able to -- here it would simple be a reiteration of that.

Mr. Chang: So does this mean that you do not have any new issues?

Mr. Solomon: I would just like to underline two points that relate to the general issue. We understand that you indicated to the National Committee on U.S.- China Relations your interest in holding a trade exhibition in the United States. This obviously would be a great help to promoting sales of products of the People's Republic in America and help balance your trade with us. But to have such an exhibit proceed smoothly would obviously be facilitated if the private claims issue were solved. It would avoid attachment of your products exhibited in the U.S.

The second point is that, as we told you in Paris at the end of December, there is being organized on the same pattern as the private groups for cultural exchanges a National Council for Sino - American Trade. We hope that this group will help to develop and facilitate an exchange of information among businessmen and promote in other ways the development of trade. This group is not fully in existence, like the National Committee. This group is just being formed and we will communicate more about its details and its members.

Mr. Jenkins: I recall that last October I believe you asked us through Paris to suggest the names of firms, companies whose attendance at the Canton Trade Fair might be appropriate. If we can be of any assistance to you again in connection with the coming fairs we of course stand ready to.

Mr. Chang: I just want to raise a very brief question. On the question of the private claims on assets and the freezing of Chinese assets in the U.S., you raised this question. So you raised this question in the hope

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that it will be solved. We understand your motive. That is to say, it will be beneficial to the development of trade between our two countries in the future. It is also our hope that in the course of the further development of Sino-U.S. trade all possible obstacles will be cleared up. We are actively considering this question, that is, the question of the settlement of claims. We have just received the material provided. Perhaps we will let our experts read it first, for it weighs 16 kilos.

Mr. Jenkins: I am glad you also have a medical expert who can handle back strain.

Mr. Chang: So just now you raised a very good suggestion about how to solve this problem and not to deal with items one by one. Otherwise our whole generation would not be able to solve it. (Laughter) You said that some simpler ideas may be sought out as how to solve this problem by a simpler method.

As for a get together of experts from the two sides, I am still not quite clear about how they would deal with this question. If they completely follow legal procedures it will be very likely for them to get lost on some side issue.

Mr. Jenkins: I think we can keep them on a short leash.

Mr. Chang: I am not quite clear about the way you dealt with other countries on this matter. Would it roughly follow the same pattern?

Mr. Jenkins: In several instances we have. It varies somewhat, because the conditions vary. But there is considerable precedence for this general procedure

Let me talk further and see whether there might be a possibility of our virtually circumventing an expert deliberation. I am not sure, but you might want to consider on your side whether this would be a possibility and we can talk again about it.

Mr. Chang: So you think that in order to facilitate the further increase of bilateral trade the MFN problem should be settled. And do you think that if the problem of claims and assets is cleared up then the problem of the question of Most Favored Nation can be solved immediately?

Mr. Jenkins: No. I welcome the chance to speak to this a little further because even the sequence in these two problems has to come this way --

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the claims settlement first, and then the Most Favored Nation -- that MFN may take us a little while. I think it would be useful to start thinking ahead of time about the mutual arrangements which will make Most Favored Nation status possible.

Most Favored Nation status is customarily extended by the United States in exchange for comparable benefits in some form.

Now usually in the case of an open market economy, extension of Most Favored Nation treatment is sufficient to accomplish this mutual benefit, since U.S. export opportunities are basically determined by prices which in turn reflect adjustments in the tariff schedule of the other country. However, in the case of a state trading planned economy, this is not the case automatically. Since U.S. exports would be determined basically by state plan rather than by tariffs and prices as such. Therefore in the past we have extended MFN in return for certain concrete agreements to facilitate the development of U.S. export opportunities.

For instance, the recently concluded series of trade agreements with the Soviet Union included a number of concrete arrangements through which U.S. trade was facilitated. Most specifically, these agreements included provisions protecting our domestic market against disruptions by goods produced in the Soviet Union. And an agreement to establish offices in Washington and Moscow providing service facilities to businessmen, an office in Moscow permitting U.S. private companies to be represented, and settling the large Soviet lend-lease debt.

Now I recognize that the circumstances between us are not entirely comparable as between us and the Soviet Union. It is not a fully comparable pattern at all. It would be different. So I don't mean that that has to be an exact model. I mentioned this general area so that we can both study how this might be appropriately balanced to our mutual benefit. This is important in order to get appropriate Congressional acquiescence in arrangements. I believe in Paris we have already referred to a number of concrete problems in our trade arrangements such as the possibility of market disruptions. We do not yet have any full position as to just what form the benefits might take which would balance this Most Favored Nation treatment, but several things come to mind as illustrative. For instance, agreement by the People's Republic not to ship products to the U.S. which would threaten to contribute to a disruption of our domestic market.

Mr. Chang: You mean the goods, or the vessels?

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Mr. Jenkins: Goods. For instance, some forms of textiles.

Mr. Chang: Especially those died with panda designs.

Mr. Jenkins: Also, further steps in the line of sea links and initiating air links might be helpful.

Other examples which might help in this problem would be agreement on some reciprocal company rights, patents, trade markets, etc. We would promise not to put out a panda brand of cigarettes. (Laughter) And lastly, just as an example, some mechanism which might prove possible at this stage in our relations to provide facilities and services to U.S. businessmen in the People's Republic would certainly be one of those possibilities.

That is all I think on this side.

Mr. Holdridge: The most important thing is to eliminate that claims question.

Mr. Chang: Yes. All right, shall we stop for today? There will be more time for our further discussion. Sometime tomorrow. So we will fix the timing tomorrow morning. Sometime tomorrow morning.

[The meeting ended at 5:40 p.m.]

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